

Message Text

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R 272030Z APR 76

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 5240

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

AMCONSUL PORTO ALEGRE

AMCONSQL SALVADOR

AMCONSUL RECIFE

AMCONSUL BELEM

UNCLAS BRASILIA 3576

FOLLOWING TELEGRAM DRAFTED BY AMCONGEN RIO, EMBASSY CONCURS.

E. O. 11652: N/A

TAGS: BEXP, AFSP, BR

SUBJ: PRELIMINARY INPUTS FOR COUNTRY COMMERCIAL PROGRAM FOR FY-78

REF: STATE 054879

1. AS REQUESTED IN REFTTEL, COUNTRY COMMERCIAL ACTION GROUP (CCAG) CONSIDERED INPUTS FOR FY-78 AT ITS APRIL 8 MEETING. CCAG DECIDED ON RECOMMENDATIONS BELOW. IN SUBMITTING RECOMMENDATIONS, HOWEVER, CCAG WISHES TO POINT OUT THAT IMPORT CLIMATE IN BRAZIL DURING FY-78 IS DIFFICULT TO PREDICT. IN 1975 BRAZIL RAN A CURRENT ACCOUNT DEFICIT OF \$6.7 BILLION, THE LARGEST IN THE DEVELOING WORLD. HOW SOON THE CURRENT IMPORT RESTRICTIONS WILL BE PHASSD OUT DEPENDS TO A GREAT EXTENT ON THE RECOVERY RATE OF BRAZILIAN EXPORTS. IN ADDITION, IT IS EXPECTED THAT BRAZIL'S IMPORT SUBSTITUTION POLICY WILL BEGIN TO BEAR FRUIT MAKING IT DIFFICULT TO PREDICT EXPORT OPPORTUNITY SECTORS ON A BROAD INDUSTRY BASIS. BEARING THE FOREGOING CAVEATS IN MIND, HHE FOLLOWING RECOMMENDATIONS (LISTED IN PRIORITY RANKING) ARE MADE:

A. AVIONIC, AIRCRAFT, GROUND CONTROL EQUIPMENT AND AIRCRAFT

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ENGINES - BRAZIL'S DEVELOPING AIRCRAFT INDUSTRY AND THE

PLANNED AIRPORT EXPANSION PROGRAM SHOULD BE GOOD CUSTOMERS
FOR U.S. TECHNOLOGY AND PRODUKTS.

B. HIGH-VOLTAGE POWER TRANSMISSION TECHNOLOGY AND EQUIPMENT-
THE MAJOR SHARE OF BRAZIL'S AS YET UNTAPPED HYDROELECTRIC
POTENTIAL IS IN AREAS (PARTICULARLY THE AMAZON BASIN
COMPLEX) REMOTE FROM LOAD CENTERS.

C. POLLUTION CONTROL ENGINEERING - RECENT VISIT OF TRADE
MISSION IN THIS FIELD INDICATED STRONG DEMAND FOR ENGINEERING
SPECIALTIES IN POLLUTION CONTROL AS OPPOSED TO A VERY HIGH
INDEX OF SELF-SUFFICIENCY IN PRODUCTS.

D. METALWORKING AND FINISHING EQUIPMENT - BRAZIL CONTINUES
TO NEED SOPHISTICATED MACHINE TOOLS. IN CURRENT IMPORT
CLIMATE END-USERs ARE SHIFTING TO DOMESTIC PRODUCTION AND
FOREGOING THE MORE DESIRABLE AND SOPHISTICATED IMPORTS.
WHEN THE IMPORT CLIMATE CHANGES, THIS CATEGORY SHOULD SEE A
STRONG RESURGENCE. IN VIEW OF THE UNCERTAINTIES MENTIONED
A9;3, CCAG IS ONLY SUBMITTING A LIMITED NUMBER OF SUGGESTED
CAMPAIGNS AT THIS TIME.

2. PERSONNEL AND FINANCIAL RESOURCES COMMITTED TO THE
COMMERCIAL PROGRAM FOR FY-77 ARE BEING PROJECTED INTO THE
FY-78 BUDGET.
JOHNSON

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